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Accused Arms Dealer Alleges U.S. Role

U. S. intelligence agencies tried to smuggle state-of-the-art Soviet military hardware to the West, and an American arms dealer is facing trial for a transaction he insists was a crucial part of the plan. But intelligence officials deny that they authorized anything illegal.

The intricate scheme collapsed when a Customs Service tipster learned about the illegal part of it, and those involved were indicted for attempting to sell arms to Poland. Solomon Schwartz, three other individuals and HLB Security Electronics Ltd. are to go on trial in New York early next year.

The defendants claim their attempted sale of automatic rifles and ammunition to Poland was part of the quid-pro-quo that would have induced the Poles to sell them two Soviet-made T72 tanks and some SAM7 antiaircraft missiles. U.S. intelligence agencies have long been trying to obtain these Soviet weapons for analysis.

Schwartz has given details in an affidavit that has been put under seal for security purposes. Our associate Donald Goldberg has learned much of Schwartz's side of the story:

In November 1982, Schwartz, who had past dealings with the Polish government, was contacted by a "free-lance" CIA agent, who told him the agency wanted to obtain two T72s and some SAM7 missiles and launchers. By way of corroborative detail, Schwartz noted that the CIA insisted he obtain the tanks' "hook numbers" as a verification of Polish officials' good faith. The numbers could be checked against the agency's own intelligence. Schwartz was told.

Schwartz arranged to meet a Polish attache at

the Polish Bank Handlow in New York, to discuss the purchase of unrelated Polish products. He later flew to Vienna, where he met with the head of the Polish commercial trade office. He was then invited to Warsaw during the 40th anniversary of the anti-Nazi uprising of 1943—a good cover for his secret discussions.

In Warsaw, Schwartz met with a high-ranking general of CENZIN, the Polish military sales office. Schwartz initially inquired only about the SAM7 missiles. He assured the general they would not go to an "out-of-bounds" nation—like the United States. Two meetings later, the missile deal was confirmed.

Schwartz then brought up the T72s, and was told a sale was possible as long as the tanks were going to a Soviet "client state." Schwartz says that on his return to New York he reported all this to FBI counterintelligence officials there, and to Pentagon intelligence officials in Washington. Schwartz also insists he told them that some U.S. arms might have to be sold to Poland as part of the deal—an illegal act that agency officials deny they approved.

With codefendant Leonard Berg, president of HLB, Schwartz set up a company called Global Research and Development in Switzerland to handle the weapons transactions. But the scheme came unglued when a Customs Service informant—who was also a business rival of HLB—stumbled on evidence of the deal and informed federal prosecutors. Schwartz, Berg and the others were called in for questioning and were indicted after intelligence officials denied having sanctioned the illegal sale to the Poles.